



Rungta Greentech Limited

Policy On Related Party Transactions

OUR VISION

Related party transactions can present a potential or actual conflict of interest which may be against the best interest of the Company and its shareholders. Considering the requirements for approval of related party transactions as prescribed under the Companies Act, 2013 (“Act”) read with the Rules framed there under Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, hereinafter referred as SEBI (“LODR”) Regulations, 2015, **RUNGTA GREENTECH LIMITED** has formulated guidelines for identification of related parties and the proper conduct and documentation of all related party transactions.

Also, Regulation 23(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 requires a Company to formulate a policy on the materiality of related party transactions and dealing with related party transactions.

In light of the above, **RUNGTA GREENTECH LIMITED** has framed this Policy on Related Party Transactions (“Policy”) and the said Policy includes the materiality threshold and the manner of dealing with Related Party Transactions (“Policy”) in compliance with the requirements of Section 188 of the Companies Act, 2013 and Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, amendments, from time to time, to the Policy, if any, shall be considered by the Board based on the recommendations of the Audit Committee.

The Company is committed to monitoring and managing potential conflicts of interest of management, board members and shareholders, including misuse of corporate assets and abuse in related party transactions.

OBJECTIVE OF THE POLICY

The objective of this Policy is to set out

- (a) the materiality thresholds for related party transactions and
- (b) the manner of dealing with the transactions between the Company and its related parties based on the Act, Regulation 23 of SEBI (LODR) Regulations, 2015 and any other laws and regulations as may be applicable to the Company.

DEFINITIONS

“**Act**” means the Companies Act, 2013

“**SEBI Listing Regulations**” means SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, as amended

“**Audit Committee or Committee**” means the Committee of the Board constituted from time to time under the provisions of Regulation 18 of the SEBI (“LODR”) Regulations, 2015 and Section 177 of the Companies Act, 2013.

“**Arm’s Length Transaction**” means a transaction between two related parties that is conducted as if they are unrelated so that there is no conflict of interest.

“**Ordinary course of business**” means the usual transactions, customs and practices undertaken by the Company to conduct its business operations and activities and includes all such activities which the company can undertake as per Memorandum & Articles of Association. The Board and Audit Committee may lay down the principles for determining the ordinary course of business in accordance with the statutory requirements and other industry practices and guidelines.

“**Company**” means **RUNGTA GREENTECH LIMITED**.

“**Material Related Party Transaction**” means a transaction with a Related Party if the transaction/transactions to be entered into individually or taken together with previous transactions during a financial year exceeds 10% (ten percent) of the annual consolidated turnover of the Company as per the last audited financial statements of the Company. In case of payment to a Related Party for brand usage or royalty, the materiality threshold will be 5% (five percent) of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.”

“**Related Party**” have the meaning as defined in Section 2(76) of the Companies Act, 2013 and Regulation 2(1)(zb) of the Securities and Exchange Board Of India (Listing Obligations And Disclosure Requirements) Regulations, 2015, as amended.

Key Managerial Person:

“**Key Managerial Personnel**”, in relation to a company, means—

- the Chief Executive Officer or the managing director or the manager;
- the Company Secretary;
- the whole-time director;
- the Chief Financial Officer; and
- such other officer as may be prescribed.

“Relative” with reference to a Director or KMP means persons as defined in Section 2(77) of the Act and rules prescribed thereunder

Related Party Transaction:

"Related Party Transaction" has the meaning as defined under Regulation 2(1)(zc) of the Securities and Exchange Board Of India (Listing Obligations And Disclosure Requirements) Regulations, 2015, as amended, transfer of resources, services or obligations between a listed entity and a related party, regardless of whether price is charged and a transaction with a related party shall be construed to include a single transaction or a group of transactions in a contract, including but not limited to the following –

- a. sale, purchase or supply of any goods or materials;
- b. selling or otherwise disposing of, or buying, property of any kind;
- c. leasing of property of any kind;
- d. availing or rendering of any services;
- e. appointment of any agent for purchase or sale of goods, materials, services or property;
- f. appointment to any office or place of profit in the company
- g. underwriting the subscription of any securities or derivatives thereof of the company.

MATERIALITY THRESHOLDS

To safeguard the interest of the Company and/or its shareholders, the Materiality related to Related Party transactions to be entered individually or taken together with previous transactions during a financial year will be as ascertained as per the thresholds prescribed under the SEBI Listing Regulations to provide materiality thresholds for transactions beyond which approval of the shareholders through resolution will be required. None of the related parties of a company shall vote to approve such resolution irrespective of whether the entity is a related party to the particular transaction or not (RP's can cast only a negative vote to reject the shareholder's resolution on material RPT).

Provided that approval from shareholders will not be required for Material Related Party Transaction in respect of a resolution plan approved under section 31 of the Insolvency and Bankruptcy Code (IBC) 2016, subject to the event being disclosed to the recognised stock exchange within one day of the resolution plan being approved.

The RPTs which cross the Materiality thresholds under the Companies Act, 2013 as mentioned below, shall be entered by the Company only with prior approval of shareholders of the Company through special resolution, as per applicable provisions of the Act and the SEBI Listing Regulations, as may be amended from time to time.

Sr. No.	Criteria	Transaction value threshold
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1.	Sale, purchase or supply of any goods or materials (Directly or through an agent)	Amounting to 10% or more of the turnover of the Company
2.	Selling or otherwise disposing of, or buying, property of any kind (Directly or through an agent)	Amounting to 10% or more of the net worth of the Company
3.	Leasing of property of any kind	Amounting to 10% or more of the turnover of the Company
4.	Availing or rendering of any services (Directly or through an agent)	Amounting to 10% or more of the turnover of the Company
5.	Appointment to any office or place of profit in the company, its subsidiary company or associate company	Remuneration exceeds Rs. 250,000 per month
6.	Underwriting the subscription of any securities of the company or derivatives thereof	Remuneration exceeds 1% of net worth

Related Party Transaction policy on materiality, and its threshold limits shall be reviewed by the Board of Directors of the Company once in every three years and updated accordingly.

Identification of Related Party Transactions

All Related Party Transactions must be brought to the notice of the Audit Committee of the Company.

Any employee of the Company who is aware of any transaction that is or may be perceived to be a Related Party Transaction is required to bring the same to the attention of the Audit Committee of the Company through the Company Secretary.

All Directors and Key Managerial Personnel (KMPs) are responsible for informing the Company of their interest (including the interest of their Relatives) in other companies, firms or concerns at the beginning of every financial year and any change in such interest during the year. In addition, all Directors and KMPs are responsible for providing notice to the Company Secretary of any potential

Related Party Transaction involving him/her or his or her relative, including any additional information about the transaction that the Audit Committee may request. The Board shall record the disclosure of interest, and the Audit Committee will determine whether the transaction is in the ordinary course of business and on an arm's length basis.

Such notice of any potential Related Party Transaction should be given well in advance so that the Company Secretary has adequate time to obtain and review information about the proposed transaction and to refer it to the Audit Committee.

Procedure for approval of related party transactions

Omnibus Approval by the Audit Committee

- I. All related party transactions require prior approval of the Audit Committee. However, the Company may obtain omnibus approval from the Audit Committee for such transactions, subject to compliance with the following conditions:
 - a. The Audit Committee shall, after obtaining approval of the Board of Directors, specify the criteria for granting the omnibus approval in line with the Policy and such approval, which shall include the following, namely:
 - i) Maximum value of the transaction, in the aggregate, which can be allowed under the omnibus route in a year;
 - ii) The maximum value per transaction which can be allowed;
 - iii) extent and manner of disclosures to be made to the audit committee at the time of seeking omnibus approval
 - iv) The transaction is / shall be frequent/regular/repetitive in nature.
 - v) The transaction is / shall be in the ordinary course of business and at arm's length.
 - vi) Such other criteria as may be laid down by the Audit Committee.
 - vii) Such approval shall remain valid for a period not exceeding one year, during which period the commercial terms of approved RPTs may change, provided that arm's length criterion shall be ensured at the time of each such change.
 - viii) review, at such intervals as the Audit Committee may deem fit, related party transactions entered into by the company pursuant to each omnibus approval made;
 - ix) transactions which cannot be subject to the omnibus approval by the Audit Committee
 - b. The Audit Committee shall consider the following factors while specifying the criteria for making omnibus approval, namely: -
 - i) repetitiveness of the transactions (in past or in future);
 - ii) the justification for the need for omnibus approval
 - c. The Audit Committee shall satisfy itself regarding the need for such omnibus approval for transactions of a repetitive nature and that such approval is in the interest of the company;
 - d. The omnibus approval shall provide details of
 - Name of the related party
 - Nature of the transaction
 - Period of the transaction
 - Maximum amount of the transactions that can be entered into
 - Any other information relevant or important for the audit committee to take a decision on the proposed transactionProvided that where the need for related party transactions cannot be foreseen and aforesaid details are not available, Audit Committee may grant

omnibus approval for such transactions subject to their value not exceeding rupees one crore per transaction.

- e. The Audit Committee shall review, at least on a quarterly basis, the aggregated value and other details of related party transactions transacted into by the company pursuant to the omnibus approval given;
 - f. Such omnibus approval shall be valid for a period not exceeding one financial year and shall require fresh approval after the expiry of such financial year.
 - g. Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the company.
 - h. Any other conditions as the Audit Committee may deem fit.
- II.** In compliance with the approval of the Board of Directors, the Audit Committee of the Company has specified the following criteria for granting omnibus approval:
- a. The maximum value per transaction which can be approved under the omnibus route will be the same as per the materiality threshold as defined in Clause 5 of the Policy.
 - b. While assessing a proposal put up before the Audit Committee / Board for approval, the Audit Committee / Board may review the following documents / seek the following information from the management in order to determine if the transaction is in the ordinary course of business and at arm's length or not:
 - i. Nature of the transaction i.e. details of goods or property to be acquired/transferred or services to be rendered / availed (including transfer of resources) – including description of functions to be performed, risks to be assumed and assets to be employed under the proposed transaction;
 - ii. Key terms (such as price and other commercial terms contemplated under the arrangement) of the proposed transaction, including value and quantum;
 - iii. Key covenants (non-commercial) as per the draft of the proposed agreement/contract to be entered into for such transaction;
 - iv. Special terms covered / to be covered in separate letters or undertakings or any other special or sub arrangement forming part of a composite transaction;
 - v. Benchmarking information that may have a bearing on the arm's length basis analysis, such as:
 - 1. market analysis, research report, industry trends, business strategies, financial forecasts, etc.;

2. third party comparable, valuation reports, price publications including stock exchange and commodity market quotations;
 3. management assessment of pricing terms and business justification for the proposed transaction;
 4. comparative analysis, if any, of other such transaction entered into by the Company.
- c. The Audit Committee shall review, at least on a quarterly basis, the details of related party transactions entered by the company pursuant to each omnibus approval given
- d. Transactions of the following nature will not be subject to the omnibus approval of the Audit Committee:
- Transactions which are not at arm's length or not in the ordinary course of business
 - Transactions which are not repetitive in nature
 - Transactions exceeding materiality thresholds as laid down in Clause 4 of the Policy
 - Transactions in respect of selling or disposing of the undertaking of the company
 - Financial Transactions e.g. Loan to related parties, Inter Corporate Deposits, subscriptions to bond, debenture or preference shares issued by the related parties, corporate guarantee given/received from related parties
 - Any other transaction the Audit Committee may deem not fit for omnibus approval

Approval of the Board of Directors of the Company

As per the provisions of Section 188 of the Act, all kinds of transactions specified under the said Section and which are not in the ordinary course of business and at arm's length basis, are placed before the Board for its approval.

In addition to the above, the following kinds of transactions with related parties are also placed before the Board for its approval:

- Transactions which may be in the ordinary course of business and at arm's length basis but which are as per the policy determined by the Board from time to time (i.e. value threshold and/or other parameters) require Board approval in addition to Audit Committee approval;
- Transactions in respect of which the Audit Committee is unable to determine whether or not they are in the ordinary course of business and/or at arm's length basis and decides to refer the same to the Board for approval;
- Transactions which are in the ordinary course of business and at arm's length basis, but which in Audit Committee's view requires Board approval.

- Transactions meeting the materiality thresholds laid down in Clause 4 of the Policy are intended to be placed before the shareholders for approval.

Approval of the Shareholders of the Company

All the transactions with related parties exceeding the materiality thresholds laid down in Clause 4 of the Policy are placed before the shareholders for approval.

For this purpose, none of the related parties of the Company shall vote to approve such shareholders' resolution irrespective of whether the entity is a related party to the particular transaction or not. (RP's can cast only a negative vote to reject the shareholders' resolution on material RPT).

In addition to the above, all kinds of transactions specified under Section 188 of the Act which are not at Arm's Length or not in the ordinary course of business; and (b) exceed the thresholds laid down in Companies (Meetings of Board and its Powers) Rules, 2014 are placed before the shareholders for its approval.

However, the requirement of shareholders' approval for Material Related Party Transactions shall not be applicable for the following cases:

- Transactions in respect of a resolution plan approved under section 31 of the Insolvency and Bankruptcy Code (IBC) 2016, subject to the event being disclosed to recognised stock exchange within one day of the resolution plan being approved.
- transactions entered into between the company and its wholly owned subsidiary, whose accounts are consolidated with the company and placed before the shareholders at the general meeting for approval

REPORTING REQUIREMENTS BY MEMBERS OF THE BOARD

- Members of the Board should be required to disclose to the board whether they, directly, indirectly or on behalf of third parties, have a material interest in any transaction or matter directly affecting the company.
- Where any director is interested in any contract or arrangement with a related party, such director shall not be present at the meeting during discussions on the subject matter of the resolution relating to such contract or arrangement.
- The Company would ensure that All Related Party Transactions are pre-approved by the Audit Committee.

[Provided that only those members of the audit committee who are independent directors shall approve related party transactions. Provided further that: (a) the audit committee of a listed entity shall define "material modifications" and disclose it as part of the policy on materiality of related party transactions and on dealing with related party transactions; (b) a

related party transaction to which the subsidiary of a listed entity is a party but the listed entity is not a party, shall require prior approval of the audit committee of the listed entity if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds ten per cent of the annual consolidated turnover, as per the last audited financial statements of the listed entity; (c) with effect from April 1, 2023, a related party transaction to which the subsidiary of a listed entity is a party but the listed entity is not a party, shall require prior approval of the audit committee of the listed entity if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year, exceeds ten per cent of the annual standalone turnover, as per the last audited financial statements of the subsidiary; (d) prior approval of the audit committee of the listed entity shall not be required for a related party transaction to which the listed subsidiary is a party but the listed entity is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of these regulations are applicable to such listed subsidiary. Explanation: For related party transactions of unlisted subsidiaries of a listed subsidiary as referred to in (d) above, the prior approval of the audit committee of the listed subsidiary shall suffice]

- The members of the Board and the key managerial persons shall disclose to the Board whether they have a material interest in any transaction or matter affecting the Company.
- The Board and the key managerial persons shall conduct themselves in such a manner so as to meet the expectations of operational transparency to stakeholders while at the same time maintaining the confidentiality of information in order to foster a culture for good decision-making.
- The Board of Directors shall collectively monitor and manage potential risk of conflicts of interest of management, board members and shareholders, including misuse of corporate assets and abuse in related party transactions.

However, the Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the company subject to the following conditions:

- a. The Audit Committee shall lay down the criteria for granting the omnibus approval in line with the policy on Related Party Transactions of the company and such approval shall be applicable in respect of transactions which are repetitive in nature.
- b. The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the company;
- c. Such omnibus approval shall specify (i) the name/s of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into, (ii) the indicative base price / current contracted price and the formula for variation in the price if any and (iii) such other conditions as the Audit Committee may deem fit;

Provided that where the need for Related Party Transaction cannot be foreseen and aforesaid details are not available, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs. 1 crore per transaction.

- d. Audit Committee shall review, at least on a quarterly basis, the details of RPTs entered into by the company pursuant to each of the omnibus approvals given.
- e. Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

All material-related party transactions and subsequent material modifications as defined by the audit committee shall require prior approval of the shareholders through resolution, and no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not.

Provided that prior approval of the shareholders of a listed entity shall not be required for a related party transaction to which the listed subsidiary is a party but the listed entity is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of these regulations are applicable to such listed subsidiary.

For related party transactions of unlisted subsidiaries of a listed subsidiary as referred above, the prior approval of the shareholders of the listed subsidiary shall suffice.

The provisions of Regulation 23(2) (3) and (4) of SEBI (LODR) Regulations, 2015, with respect to prior approval of Audit Committee / Omnibus Approval of Audit Committee/ Prior Approval of Shareholders shall not be applicable for transactions entered into between a holding company and its wholly-owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.

Related Party Transactions not approved under this Policy

In the event the company becomes aware of any Related Party Transactions that have not been approved under this policy prior to its consummation, the matter shall be reviewed by the Audit Committee. The Audit Committee may consider all of the relevant facts and circumstances regarding the Related Party Transactions and may evaluate all the options available to the Company. The Audit Committee may also examine the facts and circumstances pertaining to the failure of reporting such Related Party Transaction to the Audit Committee under this Policy and the failure of internal control systems and may take any such action it deems appropriate.

In any case, where the Audit Committee determines not to ratify a Related Party Transaction that has been commenced without approval, the Audit Committee, as appropriate, may direct additional action including, but not limited to, discontinuation of the

transaction or seeking the approval of the Shareholders, payment of compensation for the loss suffered by the related party etc. In connection with any review/approval of a related party transaction, the Audit Committee has the authority to modify or waive any procedural requirements of this policy.

Ratification of the Related Party Transactions

Where any contract or arrangement, which is considered as a related party transaction exclusively as per the Companies Act, 2013, is entered into by a director or any other employee without obtaining the consent of the Audit Committee or the Board or the shareholders of the Company, such transaction shall be ratified by the Board or, as the case may be, by the shareholders at a meeting within three months from the date on which such contract or arrangement was entered into.

In case such transaction is not ratified within the specified period, such contract or arrangement shall be voidable at the option of the Board, and if the contract or arrangement is with a related party to any director or is authorised by any other director, the directors concerned shall indemnify the company against any loss incurred by it.

REPORTING

- The Company is committed to disclosing the details of all material transactions with related parties quarterly, along with the compliance report on corporate governance.
- The Company shall disclose in its Board's Report the policy on dealing with Related Party Transactions.

PROTECTED DISCLOSURE

All Protected Communication/Disclosures should be addressed to the Compliance Officer of the Company. The contact details are as under:

To,

Company Secretary

RUNGTA GREENTECH LIMITED

Room No. 404, 4th Floor, Nigam Centre, 155 Lenin Sarani Dharmatala, Kolkata, Kolkata-700013, West Bengal, India.

Mail id: cs@rungta-group.in

AMENDMENTS

The Company reserves the right to make amendments to the Policy on Related Party Transactions. This policy was approved by the Board of Directors in their meeting held on January 11, 2024.